

## Message Text

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60

ORIGIN AGR-08

INFO OCT-01 EUR-12 IO-10 ISO-00 EB-07 STR-04 TRSE-00

AID-05 CEA-01 CIAE-00 COME-00 FRB-03 INR-07 NSAE-00

CIEP-01 SP-02 LAB-04 SIL-01 SAM-01 OMB-01 /068 R

66611

DRAFTED BY: USDA:FAS:EKARPOFF/REANDERSON/CMHOWEY

APPROVED BY: EUR/RPE:JTMCCARTHY

JSTARKEY/USDA:FAS

GWHITE/USDA:FAS:ITP

OA:GSBROWN/USDA

EB/TA:TO'HERRON

STR/SLANDE:SUSL

TREASURY/MCHANVES (INFO)

ERVEBIS/AGRIC

----- 121738

P R 262216Z MAR 75

FM SECSTATE WASHDC

TO USMISSION EC BRUSSELS PRIORITY

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

USMISSION GENEVA

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

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E.O. 11652: NA

SUBJECT: EC TREATMENT OF POULTRY IMPORTS

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REF: A. EC BRUSSELS 2022 B. EC BRUSSELS 428

1. WE SHARE MISSION'S DISAPPOINTMENT WITH THE COMMUNITY RESPONSE TO U.S. POULTRY REQUESTS (REF B) MADE DURING THE JANUARY 16 TECHNICAL CONSULTATIONS. WE HAD EXPECTED A MORE POSITIVE AND FORTHCOMING REACTION ON THE PART OF THE COMMISSION PARTICULARLY IN VIEW OF CONTINUING U.S. EFFORTS TO COOPERATE WITH EC IN SEEKING SOLUTIONS TO TRADE PROBLEMS OF INTEREST TO THE COMMUNITY. NONETHELESS ON THE BASIS OF MISSION'S RECOMMENDATION REF (A) AND IN AN EFFORT TO BE FORTHCOMING WE ARE INCLUDING THE FOLLOWING INFORMATION FOR USE IN FURTHER DISCUSSIONS OF THE POULTRY ISSUE WITH THE COMMUNITY OFFICIALS.

2. MARKET CHANGES SINCE JANUARY 16 MEETING SUGGEST EVEN LOWER GATE PRICES FOR WHOLE TURKEYS AND TURKEY PARTS AND BONED MEAT, COMPARED WITH THE DATA SUPPLIED TO EC BY USDA OFFICIALS. THE COEFFICIENTS WHICH FOLLOW ARE COMPARED WITH WHOLE TURKEY AS 100. THE FIRST FIGURE IS BASED ON JAN.-DEC. 1974 DATA. THE SECOND FIGURE IS BASED ON JAN.-MARCH 1975 DATA AND REFLECTS CHANGES IN PRICE RELATIONSHIPS WHICH HAVE OCCURRED SINCE THE JAN. 16 MEETING.

	JAN-DEC 1974	JAN-MAR 1975
WHOLE TURKEY	100	100
BREASTS	182	173
THIGHS	84	62
DRUMSTICKS	61	54
BONELESS MEAT		
FROM BREASTS	248	245
FROM THIGHS	100	86

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COMMINUTED MEAT	60	37
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3. AS A NARRATIVE EXAMPLE FROM FOREGOING PARAGRAPH, TURKEY BREASTS IN 1974 AVERAGED 182 PERCENT OF THE PRICE OF WHOLE TURKEYS; IN JAN.-MARCH 1975 THEY WERE 173 PERCENT. ALL COMPARISONS BASED ON CENTS PER-POUND PRICES. EC GATE PRICES FOR TURKEY PARTS AND BONED MEAT SHOULD REFLECT THE SAME RELATIONSHIPS TO WHOLE

CARCASS PRICES AS ARE INDICATED BY THE MARKET IN A FREE MARKET, I.E. NEW YORK WHOLESALE MARKET. RELATIVE PRICES WITHIN EC ARE INAPPLICABLE BECAUSE THEY ARE AFFECTED BY THE APPLICATION OF EC LEVIES WHICH INDUCE DISTORTIONS.

4. IN DISCUSSION WITH COMMISSION OFFICIALS WE SHOULD CONTINUE TO PRESS OUR INTEREST IN A BREAKOUT OF CATEGORIES FOR BONED (BONELESS) MEAT, AND ALSO FOR DIFFERENT FORMS OF PACKAGING. THE PRICE VARIATION WITHIN THE CATEGORY WHICH INCLUDES BONED WHITE MEAT, BONED DARK MEAT AND COMMINUTED MEAT IS TOO GREAT TO BE ACCOMMODATED IN A SINGLE ADJUSTED GATE PRICE.

PROBLEMS ALSO ARISE BECAUSE PRICE DIFFERENCES BETWEEN BULK AND TRAY PACKED PARTS ARE NOT ACKNOWLEDGED IN THE ECY SYSTEM. WE DO NOT BELIEVE THAT VAN AGTMAAL'S RESPONSE ON THIS POINT INDICATING COMMISSION OPPOSITION TO COMPLEX REGULATIONS IS REALISTIC IN VIEW OF THE OVERALL COMPLEXITY OF THE ENTIRE CAP SYSTEM FOR POULTRY AND OTHER PRODUCTS.

5. WE ARE ESPECIALLY DISAPPOINTED THAT NO MENTION WAS MADE BY VAN AGTMAAL (REF A) OF THE POSSIBILITY OF LOWERING THE WHOLE TURKEY GATEPRICE IN CONJUNCTION WITH ANY ALTERING OF THE COEFFICIENTS. AS INDICATED IN REF (B) U.S. STRESSED IN JAN. 16 MEETING WITH EC OFFICIALS THAT GATE PRICES FOR WHOLE TURKEY SHOULD REFLECT THIRD COUNTRY MARKETING AND PRODUCTION COSTS AND WAS OUT OF LINE WITH COSTS IN THE U.S., THE WORLD'S LEADING TURKEY PRODUCER. ACCORDINGLY WE HAD REQUESTED RECALCULATIONS OF GATE PRICE FOR TURKEYS TO BETTER REFLECT U.S. COSTS AND NOTED THAT THIS WAS ESSENTIAL TO REDUCE THE GATE PRICES AND LEVIES FOR THE PARTS.

6. WE ARE ALSO DISAPPOINTED TO NOTE THAT THE GATE PRICE FOR LIMITED OFFICIAL USE

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THE CURRENT QUARTER AND SOME SUPPLEMENTAL LEVIES HAVE AGAIN BEEN RAISED. IF GATE PRICES REPRESENT THIRD COUNTRY MARKETING COSTS AS STATED IN EC UNITS OF ACCOUNT THE QUARTERLY ADJUSTMENT OF THE GATE PRICE IN RESPONSE TO THE DEPRECIATION OF THE U.S. DOLLAR SHOULD BE DOWNWARD NOT UP.

7. MISSION SHOULD AGAIN URGE EC OFFICIALS TO GIVE PROMPT CONSIDERATION TO SPECIFIC U.S. POULTRY REQUESTS AND INDICATE THAT WE ARE LOOKING FORWARD TO A FAVORABLE RESPONSE IN THE NEAR FUTURE. KISSINGER

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## Message Attributes

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